

**KENTUCKY COMMODITY ADVISORY COUNCIL
C/O JEFFERSON COUNTY PUBLIC SCHOOLS
360 FARMINGTON AVENUE
LOUISVILLE, KY 40209**

April 25, 2000

Mr. Les Johnson
Director, Food Distribution Division
Food and Nutrition Service
3101 Park Center Drive
Alexandria, VA 22302

Dear Mr. Johnson,

I am responding to the request for comments on the CORE Proposal on behalf of the Kentucky Commodity Advisory Council. Our council is made up of school food service directors and supervisors from the nine commodity distribution regions across the state as well as representatives from private schools, industry, the Kentucky Department of Education, and the Kentucky Department of Agriculture - Division of Food Distribution. We are fortunate to have a wonderful Department of Agriculture staff in the state of Kentucky who make the commodity program work for all recipients across the state. Most of us don't believe the commodity program needs as much reengineering as USDA has proposed.

We have many questions about Food Distribution 2000 and the impact it will have on the operation of our programs. Following is a summary of some of the many questions and comments we would like someone at USDA to respond too directly:

- Most districts in Kentucky still do mostly scratch cooking using USDA commodity ingredients. Will these basic commodities, i.e. ground beef, chicken, turkey, pork, still be available to small districts and at what cost? Many districts in Kentucky have a hard time finding a distributor to bid the purchased food they use, how is the other 20% from commodities going to make a difference?
- A key proposal for change is to allow 100% substitutability. This would require USDA to accept commercial specifications. The CORE proposal would not require manufacturers to produce food under the supervision of USDA graders nor would they be prohibited from substituting imported product. A fundamental goal of the commodity distribution program is to support American agriculture. Many processors use foreign sources to obtain products (ingredients) at lower cost. How will this support American agriculture? If the program no longer supports its intended purpose does the program still exist?

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- 100% substitutability means that both the commodity product and commercial product has the same label. Who do we turn too when a question/problem arises? How do we account for our commodity inventory if we can't tell the difference?
- To fully implement the proposed changes all school districts would need some access to a computer. Most small districts operate school food service programs that are already stretched for dollars. Who will pay, for what will be, additional equipment and training in many districts? Many school food service directors wear more than one hat and are overworked already, how will they find the additional time to track their commodity assistance levels and place commodity orders on the computer? How does the state department of agriculture work into this equation? In Kentucky, the limited staff does a wonderful job of keeping our program straight for us and letting us know what is available, what we have coming and what we have left.
- Some sort of rebate system has been proposed for receiving the value of commodities in processed products. Many rebate systems we have participated in are very slow in turning around requests for reimbursement. Vendors will still have to be paid for their product in a timely manner. Many districts can not afford to "pay" for their commodities and wait for a rebate to arrive. How will this rebate system work and how long will it take for us to receive rebates?
- Approved Manufacturers – will they be approved only on the national level? How will small, regional processors that are providing wonderful products to our programs participate in the processing program?
- Will we be forced to use fruit packed in heavy syrup – the current industry standard? USDA does not currently recommend this. Many of us are purchasing fruit packed in natural fruit juice.
- This has been asked indirectly in conjunction with previous questions, but overall, how will the CORE proposal reduce the current costs of operating USDA feeding programs?

These are some of the questions that the state of Kentucky has. We are happy that USDA is piloting some of the proposed changes. We hope that these tests are occurring in districts that are in favor of the CORE proposals as well as districts that remain skeptical. We are confident that USDA will evaluate these pilots honestly and make final changes that are beneficial to the majority of schools and students served by them. We look forward to hearing the answers to our questions. Thanks for asking us to comment.

Sincerely,



Julia O. Bauscher

Kentucky Commodity Advisory Council, Chair

Cc: Shirley Watkins, Barry Sackin